

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 11233 041219Z

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /102 W
-----081187 042328Z /13

R 041115Z AUG 77

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 587

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

USMISSION BERLIN UNN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMCONSUL LENINGRAD

AMCONSUL MUNICH

USMISSION NAT O

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USDOC WASHDC

C O N F I D E N T I A L

LIMITED OFFICIAL USE MOSCOW 11233

EO 11652: NA

TAGS: ENRG UR

SUBJECT: UKRAINIAN GAS PRODUCTION DECLINE

SUMMARY: SOVIET FAILURE TO REPORT HALF-YEAR 1977 DATA FOR
UKRAINIAN GAS PRODUCTION SUGGESTS THAT THE REPUBLIC'S GAS
INDUSTRY HAS BEGUN A PERMANENT DECLINE. THE SERIOUSNESS OF
THE INITIAL DROP IN OUTPUT IS UNCLEAR. BECAUSE OF THE
UKRAINE'S IMPORTANCE TO SOVIET GAS PRODUCTION, INTENSIVE
EFFORTS HAVE BEEN MADE TO MINIMIZE THE DROP FROM CURRENT
EXTRACTION LEVELS. SEVERAL YEARS OF INTENSIVE EXPLOITATION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 11233 041219Z

UNMATCHED BY NEW GAS DISCOVERIES, HOWEVER, MAY BE LEADING
TO A SHARPER INITIAL FALL -- AND LARGER OVERALL DECLINE
DURING 1977-80 -- IN OUTPUT THAN MOSCOW EXPECTED.
END SUMMARY.

1. LACK OF DATA FOR UKRAINIAN NATURAL GAS PRODUCTION
IN THE REPUBLIC'S STATISTICAL REPORT ON FIRST-HALF

ECONOMIC PERFORMANCE SUGGESTS THAT THE REPUBLIC'S GAS OUTPUT HAS DEFINITELY BEGUN AN ABSOLUTE DECLINE. THE JULY 28 PRAVDA UKRAINY REPORTS THAT UKRAINIAN "FUEL INDUSTRY" PRODUCTION IS UP 4 PERCENT OVER THE FIRST HALF-YEAR OF 1976. IT DOES NOT PROVIDE OUTPUT DATA FOR GAS, ALTHOUGH IT DOES FOR OIL (5.4 MILLION TONS), COAL (109 MILLION TONS) AND ELECTRICITY (106 BILLION KW HRS).

2. IT IS UNCLEAR HOW SERIOUS THE INITIAL DECLINE IN UKRAINIAN GAS OUTPUT MIGHT BE. SOVIET PLANNERS HAVE BEEN EXPECTING A PERMANENT DROP FOR SOME TIME. UNTIL THIS YEAR, THE UKRAINE WAS THE USSR'S LEADING GAS-PRODUCING REGION. FROM THE MID-SIXTIES UNTIL THE EARLY SEVENTIES, IT PROVIDED 30-31 PERCENT OF SOVIET GAS OUTPUT. AS GROWTH IN UKRAINIAN GAS PRODUCTION LEVELED OFF IN 1973, HOWEVER, THE REPUBLIC BEGAN TO GIVE WAY TO THE HIGH GROWTH RATES OF TURKMENIAN AND WEST SIBERIAN FIELDS. BY 1977 THE UKRAINE'S SHARE OF TOTAL GAS OUTPUT HAD FALLEN TO ROUGHLY 20 PERCENT.

3. BECAUSE THE REPUBLIC'S CONTRIBUTION IS STILL LARGE, HOWEVER, THE SOVIETS HAVE MADE AN INTENSIVE EFFORT FIRST TO MAINTAIN CURRENT PRODUCTION LEVELS AND THEN TO MINIMIZE THE INEVITABLE FALL-OFF FROM THOSE LEVELS. DESPITE SUBSTANTIAL INCREASES IN PRODUCTION COSTS, MOSCOW HAS BEEN SUCCESSFUL IN THAT REGARD. UKRAINIAN GAS OUTPUT FOR 1976, WHICH WAS INITIALLY PLANNED TO FALL, HELD STEADY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 11233 041219Z

AT 68.7 BILLION CU.M. APPARENTLY BECAUSE MORE EXTENSIVE DRILLING OF EXISTING FIELDS WAS PROVING EFFECTIVE, MOSCOW LAST YEAR REVISED UPWARD THE INITIAL 1980 UKRAINIAN PLAN OF 53 BILLION CU.M. TO 59 BILLION.

4. PRODUCTION WAS EXPECTED TO BEGIN DECLINING THIS YEAR. IT IS POSSIBLE, HOWEVER, THAT THIS INITIAL DROP HAS PROVED LARGER THAN EXPECTED. A LONG-STANDING FAILURE TO DISCOVER MAJOR NEW GAS RESERVES IN THE UKRAINE, COUPLED WITH INTENSIVE EXPLOITATION OF THE REPUBLIC'S EXISTING FIELDS, MAY BE LEADING TO A 1980 OUTPUT LEVEL CLOSER TO 53 BILLION CU.M. THAN TO 59 BILLION.

5. A PRODUCTION DECLINE SHARPER THAN PLANNED COULD PLACE AN ADDED BURDEN ON TYUMEN OBLAST'S NEW GAS FIELDS TO MEET THEIR OWN 1980 TARGETS. MEANWHILE A CONTINUED SOVIET EFFORT TO RESTRICT THE DROP IN UKRAINIAN OUTPUT WOULD EXACERBATE THE DIMINISHING RETURNS ON CAPITAL INVESTMENT AND RISING EXTRACTION COSTS WHICH HAVE PLAGUED THE UKRAINIAN GAS INDUSTRY IN RECENT YEARS.

6. THE DATA IN PRAVDA UKRAINY DO NOT, OF COURSE, PROVE

THAT GAS OUTPUT IS IN TROUBLE; THE FACT THAT HALF-YEAR
FUEL PRODUCTION WAS UP BY 4 PERCENT WHILE THAT FOR OIL
AND COAL FELL BEHIND LAST YEAR'S PERFORMANCE COULD BE
TAKEN TO SUGGEST THAT GAS OUTPUT HAD TO MAKE UP THE
DIFFERENCE. HOWEVER, AN UNEXPECTEDLY POOR SHOWING IN GAS
EXTRACTION SEEMS A MORE LIKELY EXPLANATION FOR THE
OMISSION OF DATA ON SUCH A MAJOR INDUSTRY IN THE REPUBLIC.
TOON

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MOSCOW 11233 041219Z

NNN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, DATA, REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW11233
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770280-0332
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770897/aaaadehm.tel
Line Count: 138
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 54a3fc61-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1709489
Secure: OPEN
Status: NATIVE
Subject: UKRAINIAN GAS PRODUCTION DECLINE SUMMARY: SOVIET FAILURE TO REPORT HALF-YEAR 1977 DATA FOR UKRAINIAN GAS PRODUCTION SUGGESTS THAT THE REPUBLI
TAGS: ENRG, UR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/54a3fc61-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009